

26 Feb. 1971

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Dear Jack:

Thank you for your letter of February 13 concerning the ad hoc group which has been established on the status of Radio Free Europe (FRE) and Radio Liberty (RL).

As you know, this issue has been under continuous consideration in the 40 Committee. Because of its sensitivity, it is felt that the locus of interagency policy coordination should remain in that Committee. We would, of course, welcome any contributions, particularly on the important political ramifications of this issue, which your ad hoc committee can make to the deliberations of the 40 Committee which, in turn, will continue to report to the President.

Hal Sonnenfeldt of the NSC staff will be available to participate in the work of the ad hoc group.

Warm regards,

Henry A. Kissinger

Honorable John N. Irwin, II  
Under Secretary of State  
Washington, D. C.

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State Dept. review completed

NSC review completed.

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THE UNDER SECRETARY OF STATE  
WASHINGTON

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February 15, 1971

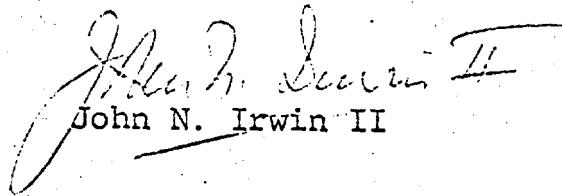
Dear Henry:

Secretary Rogers has followed with close attention recent developments affecting the status of Radio Free Europe (RFE) and Radio Liberty (RL). In particular, he believes that the bill which Senator Case introduced on January 25 to cut off all covert funds in support of RFE and RL makes it imperative to move promptly to formulate a coordinated USG position on this problem and develop recommendations for handling the delicate congressional and public relations aspects of it.

Accordingly, the Secretary has asked Assistant Secretary Martin J. Hillenbrand to set up and chair an ad hoc interagency group to consider alternative ways of funding RFE and RL. We would appreciate your participation in this effort and ask that you name a representative to work on this group. Mr. Hillenbrand or his deputy, John Baker of the Department of State (telephone 632-2673), will contact your office in the near future to arrange an early meeting of the group.

With warm regards,

Sincerely,

  
John N. Irwin II

The Honorable  
Henry A. Kissinger,  
National Security Council.

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DEPARTMENT  
OF  
STATE



ACTION MEMORANDUM

To: The Secretary S/S  
Through: The Under Secretary  
J - Ambassador Johnson  
From: EUR - Martin J. Hillenbrand

Interagency Study of Radio Free Europe (RFE)  
and Radio Liberty (RL)

On January 29, Mr. Cargo sent you a memorandum, in response to your January 25, 1971, request, in which he discussed Senator Case's proposals on public funding of Radio Free Europe and Radio Liberty and made five recommendations, all of which were approved by you.

The first recommendation was to continue the present system of funding and control of the Radios for the time being. This is being done. The second was to attempt to dissuade Senator Case from escalating the public controversy, in part by indicating that alternative methods of funding were being explored. This attempt was made in a call on Senator Case on February 26, 1971 by Assistant Secretary David Abshire and me. The Senator, on that occasion indicated that he would give the Administration three or four weeks to develop its position before scheduling hearings. Nevertheless, there is recent evidence that witnesses for such hearings are already being sought. The third recommendation was to reexamine the problem of how to respond to press inquiries. This has not yet been acted on inasmuch as the Department cannot develop a new public position which acknowledges government funding of the Radios unless the Administration decides on a new substantive position looking toward overt funding of the Radios.

The fourth recommendation approved by you was to initiate a "technical-political study" of the feasibility of relocating those transmitters which the Radios use in the Federal Republic of Germany. The technical study,

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prepared by the Radios and CIA, is appended as Tab L to the attached report and some of the political feasibility considerations are discussed in the report.

The fifth recommendation you approved, i.e., that an Interagency Working Group be established, led to a more specific recommendation approved on February 12 by the Acting Secretary to appoint me to chair an Interagency Group consisting of NSC, State, USIA, CIA, and OMB to study alternative methods of funding and control of the Radios. While making this study, the Group felt it appropriate to examine the related, though less pressing, question of handling the Federal Republic of Germany's desire to reduce the Radios' potential as an irritant in its developing relations with the countries of Central and Eastern Europe.

The Group met three times. At its final meeting, it heard the views of the Directors of the Radios. The Group came to the conclusion that it was now advisable to fund the Radios publicly and that, in consulting with Congress as to how to do so, a strong preference for creating a public-private mechanism independent of State or USIA should be expressed. The attached report presents the reasoning behind this conclusion and contains recommendations for dealing with the FRG.

If you support its findings, you have agreed to send the report to the 40 Committee for its action. The report has been approved by the Director of USIA and the Deputy Director for Plans of CIA. While expressing no reservations, the Director of Central Intelligence, who is a member of the 40 Committee, has not specifically cleared the report on the ground that he will participate in the 40 Committee's deliberations on it.

NSC and OMB, while expressing no reservations, regard themselves as part of the White House staff and are therefore not prepared to take a position on the report, even though their participants have not expressed reservations regarding its conclusions. These are summarized in a seven-page Summary and Conclusions section at the beginning of the paper.

I should call to your attention that the Group's preferred alternative of creating an independent government foundation to fund the Radios is not considered to

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have smooth prospects in Congress. While there is a recent tendency to create public-private corporations (e.g., in the AID field, the Post Office) and while there are some examples of longer standing, such as the National Science Foundation, there is no certainty that the Foreign Affairs and Foreign Relations Committees, which would be involved in hearings on the authorization, would be sympathetic to such a proposal or that such a mechanism, if established, would provide over the years ahead funds adequate to the Radios' needs. Since the Group felt that covert financing was now damaging the Administration's credibility there is nevertheless a strong case to be made for seeking, with the cooperation of Congress, to create such a mechanism. The other public funding alternative, in essence Senator Case's proposal to have the Radios subordinated directly to and annually defended by the Secretary of State or the Director of USIA, would be both awkward diplomatically and unlikely to assure continued funds for the Radios. It would be, on balance, probably a worse alternative than remaining with the status quo.

Recommendation:

That you approve the attached report of the Inter-agency Group on Alternatives for Funding and Control of RFE and RL and authorize its submission to the 40 Committee.

Approve \_\_\_\_\_

Disapprove \_\_\_\_\_

Supplementary information:

- Tab A - Discussion
- Tab B - Bill - S. 18
- Tab C - Location and Costs
- Tab D - Members of Congress Briefed (at various times) on Relationship between CIA and RFE/RL
- Tab E - Specific (D-D) Draft Bill
- Tab E-1 - A Bill

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